

# Investment Diligence and Research

Investment Committee Deck

April 2024



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## TresVista assisted in different aspects of the deal ranging from deal overview to creation of the final Investment Committee Deck

### Request Overview

- To build an Investment Committee deck entailing industry research, comparable analysis and valuation, financial modelling, presentation, etc., which are shared with the Limited Partners

### Final Deliverable and Value Add

- Analyzed historical customer performance of investments made by the company using the churn rate
- Provided an extra layer of due diligence to understand the effects of COVID
- Conducted structured analysis of customer market data to understand different business dynamics
- Helped the client to better understand the stability of income streams through detailed research of subscription-led market and its influence

### Output Snapshot

#### Summary Entry Valuation

Attractive Client entry valuation multiple of xx March 20xx LTM and xx 20xx EBITDA

EV / EBITDA

**Commentary**

- The Client entry is a discount to its pure public comp. Mister Car Wash, as well as recent transactions for sub-scale competitors
- Project xx's valuation was set by GA's bid for a minority interest which was an off-market bid with limited governance rights. Since that bid, Asset has materially outperformed both organically and through M&A
- Asset's high free cash flow conversion (xx%) results in a FCF multiple that is in line with the EBITDA multiple

#### Driving UWC Growth with Focus on Subscriber Retention

Launched the Unlimited Wash Club ("UWC") membership program in xx, quickly growing into a significant source of recurring revenue while maintaining competitive levels of customer churn

**UWC Overview**

- In Q4 20xx, UWC generated \$xxm in revenue (representing xx% of sales) and had ~xx active monthly subscribers / unit
- Asset generates ~xx more revenue from recurring subscribers when compared to the broader car wash industry
- Currently, only ~xx% of car wash consumers (~X million individuals) have adopted a subscription-based plan, which is expected to double by xx
- Asset is well-positioned to capture an outsized portion of the industry's growth due to the favorable demographics of its locations and its long-standing incumbent program

**Percentage of Overall Car Wash Spend**

**Asset Churn Is Competitive with Many Discretionary Consumer Services**

Voluntary churn in line with other subscription services and market participants, but management believes they can achieve ~xx% churn with retention initiatives that are beginning to roll out

#### Transaction Overview

Estimated \$xxm Client commitment to \$xxm Project XX SPV (including co-investors)

**Commentary**

- xx% reinvestment of carry proceeds by senior deal team, and incremental \$xxm deal commitment
- Client to offer liquidity option to co-investors

#### Base Case – Acquisition Revenue

20xx EBITDA entirely closed or under LOI

	20xx	20xx	20xx	20xx
<b>Total Sales</b>	xx	xx	xx	xx
1 Sales Acquired	xx	xx	xx	xx
2 Rev. per Site	xx	xx	xx	xx
Acquired Sites p.a.	xx	xx	xx	xx
<b>Revenue</b>	xx	xx	xx	xx
20xx	xx	xx	xx	xx
20xx	xx	xx	xx	xx
20xx	xx	xx	xx	xx
20xx	xx	xx	xx	xx
<b>Acquired Revenue</b>	xx	xx	xx	xx
20xx	xx	xx	xx	xx
<b>EBITDA</b>	xx	xx	xx	xx
20xx	xx	xx	xx	xx
20xx	xx	xx	xx	xx
20xx	xx	xx	xx	xx
20xx	xx	xx	xx	xx
<b>Adjusted EBITDA</b>	xx	xx	xx	xx
20xx	xx	xx	xx	xx
<b>Unit Economics</b>	xx	xx	xx	xx
1200 Sites/yr	xx	xx	xx	xx
EBITDA Margin %	xx	xx	xx	xx
<b>Cash Flow Impacts</b>	xx	xx	xx	xx
Acquisition Funding	xx	xx	xx	xx
EBITDA Acquired	xx	xx	xx	xx
Capital Ex. Acquisitions	xx	xx	xx	xx
1 Investment Cash Raised	xx	xx	xx	xx
2 Net Cash Impact of Acquisitions	xx	xx	xx	xx

**Commentary**

- Strategic exit
- xx acquisition multiple in 20xx reflective of signed and under LOI deals to date. Assumed xx-xx acquisition multiple 20xx – 20xx
- All acquisitions funded with incremental term loan (no net cash impact)

#### Analysis (by Unit Count)

Healthy and growing site base

**Y-o-Y 4-Wall EBITDA Growth %**

Operational initiatives driving positive 4-Wall EBITDA growth across ~xx% of site base with half greater than xx%

**Subscribers per Site**

Average subscribers per site grew from xx at time of the GP's investment to xx in 20xx

**Quintiles Analysis**

Top xx% of units account for xx% of 4-Wall EBITDA with growth initiatives lifting rest of site base

The background features a dark blue field with two large, overlapping geometric shapes. On the left, a light blue shape points downwards. On the right, an orange shape points upwards. The two shapes meet at a central point, creating a V-shape.

[salesupport@tresvista.com](mailto:salesupport@tresvista.com) | [www.tresvista.com](http://www.tresvista.com)